

TESTIMONY SUBMITTED TO THE APPROPRIATIONS COMMITTEE

February 10, 2016

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Department of Housing

REMARKS CONCERNING THE FY 2016 – FY 2017 BIENNIAL BUDGET ADJUSTMENTS

Good afternoon Senator Bye, Representative Walker, Senator Kane, Representative Ziobron, and distinguished members of the Appropriations Committee. My name is Evonne Klein and I am the Commissioner of the Department of Housing (DOH). Thank you for the opportunity to provide testimony before you regarding Governor Malloy's biennial budget adjustments.

DOH is committed to its mission of a Connecticut where affordable housing, in strong, vibrant, and inclusive communities, is accessible to individuals and families across the state and homelessness is a thing of the past. The Department's many programs are aimed at addressing the needs of very low, low, and moderate income individuals and families. As you may be aware, the Department provides funding for housing assistance for families and individuals as well as capital funding for development opportunities. Said another way, our programs provide a range of services from ensuring our state's most vulnerable individuals have shelter, to providing gap funding for affordable rental housing as well as providing affordable home ownership opportunities for individuals and families ready to set down roots in a community. These activities help realize Governor Malloy's vision where people of all income levels have access to safe, quality, affordable housing. Clearly the Governor's proposed budget adjustments recognize the economic reality of 2016. By limiting our spending plan to fund Departmental priorities, it allows us to continue to meet our mission.

Connecticut is a Housing First state. What we know is when individuals and families have access to safe, quality, affordable housing, not only are their lives transformed, but also the need for them to cycle in and out of expensive public systems comes to a halt. When this happens, even when these folks have support services, this results in a cost savings in other areas of the State's budget, maximizing the benefits of taxpayer resources.

When DOH was created in 2013, housing programs from across state government were consolidated at the Department. This consolidation has led to better communication between the development staff and the program staff, ensuring the opportunity to marry supports with development when needed. To meet our mission and to work within our budget and staffing capacity we have made critical, smart, cost effective choices. We fund providers who have

successful outcomes, have well developed systems, who are consistent in their efforts to prevent homelessness, and find appropriate housing for the people they serve with support if necessary. The Department has formed important partnerships, contributing to our positive outcomes. Our development staff has used LEAN to effectively cut the time it takes to process an application, allowing more time for application review and other associated tasks. This effective and efficient process has improved our outcomes – getting the funding “on the street” faster and completing developments in a shorter period of time. After years of disinvestment, we are now rapidly funding, completing, and leasing up new affordable units that are transforming communities and transforming lives.

Connecticut’s economic reality is our Department’s economic reality. The very people we serve are those who were seriously affected by the Great Recession. Our current need is to be flexible with our funding so that we can adapt as we progress. For example, when we end chronic homelessness at the end of this calendar year, which will be in the middle of our fiscal year. Flexibility in our own budget will enable us to direct funding towards our effort to end youth homelessness. We believe the Governor’s proposal will not significantly impact our services.

I have been working closely with my staff and asked them to take another look at program prioritization. We will be able to preserve our core services:

- Expand opportunities for high-quality affordable housing for low and moderate income individuals and families, especially homes that are affordable to the neediest residents and provide access to good jobs, high performing schools, mass transit, and safe streets;
- Create and preserve affordable and mixed-income housing developed in conjunction with initiatives that revitalize communities and grow the economy;
- Reduce and end homelessness;
- Increase supportive housing opportunities to enable residents with special needs to live independently and with dignity; and
- Promote innovation in design, energy-efficiency, and resiliency to create attractive, cost-effective, and sustainable homes.

To continue to attain our mission and realize the Governor’s vision, within the identified resources we will continue to:

- Leverage capital funding programs to increase the production of affordable housing;
- Pursue partnerships with philanthropic and other non-governmental entities to fund core services and aggressively seek federal funding as opportunities arise, in collaboration with sister agencies whenever appropriate; and
- Conduct additional LEAN initiatives internally and with other agencies, quasi-governmental entities, and contractors to eliminate inefficiencies and increase effectiveness.

And further our efforts to:

- Maximize the use of federal funding for administrative costs and draw down federal funds more quickly to expedite the reimbursement of state funds;
- Promote greater coordination among the agency's homeless services contractors to reduce costs and increase effectiveness; and
- Limit hiring to refills of critical positions aligning with agency priorities and positions that are essential for new federally funded programs.

Since 2011, together with the Connecticut Housing Finance Authority (CHFA), we have created 7,551 affordable units. We have another 2,570 affordable units under construction, and there are financial commitments in place to fund another 5,730 affordable units. In total this is equal to the creation, rehabilitation, and preservation of almost 16,000 affordable units in the past five years alone. We know that this would not be possible without the support of Governor Malloy, the legislature, and our shared commitment to the residents of Connecticut.

As a leader in the Zero: 2016 initiative, we are well on our way to ending chronic homelessness in Connecticut by the end of this year. As many of you know, Connecticut was the first state in the nation to end chronic veteran homelessness in 2015. We also believe that we've met our goal of ending all veteran homelessness during that same year. We've submitted our application to the federal government, and are now awaiting final verification.

The Governor has demonstrated his commitment to preventing and ending homelessness within his budget proposal. It preserves the core services of our agency.

The Department of Housing supports the budget adjustments submitted by Governor Malloy. I thank you for your time and stand ready to answer any questions you may have regarding the housing budget adjustments before you today.

Department of Housing (DOH) Priorities

DOH priority areas for core services:

- Expand opportunities for high-quality affordable housing for low and moderate income individuals and families, especially homes that are affordable to the neediest residents and provide access to good jobs, high performing schools, mass transit, and safe streets;
- Create and preserve affordable and mixed-income housing developed in conjunction with initiatives that revitalize communities and grow the economy;
- Reduce and end homelessness;
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